Government of Saskatchewan

# Annual Report 2003-2004

## Saskatchewan Health Information Network

An Agency of the
Health Information Solutions
Centre at Saskatchewan Health

Saskatchewan Centennial 2005

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## Letter of Transmittal

Regina, Saskatchewan
March 31, 2004

To Her Honour Lynda Haverstock
The Lieutenant Governor of the Province
of Saskatchewan

I have the honour of submitting herewith the Annual Report of the Saskatchewan Health Information Network (SHIN) for the year ending March 31, 2004, including the financial statements duly certified by auditors for the Corporation, and in the form approved by the Treasury Board, all in accordance with *The Crown Corporations Act, 1993.*

Respectfully submitted,

Honourable John Nilson,
Minister of Health

## Letter from the Board Chair

The 2003/2004 year was a productive year in advancing the implementation of technology solutions in Saskatchewan. An organizational change was made to ensure a stronger, more cohesive and comprehensive approach to information technology (IT) support and service delivery across the province's health sector.

Midway through the year, the SHIN Corporation was integrated into a new Centre within Saskatchewan Health called the Health Information Solutions Centre (HISC). The Health Information Solutions Centre will provide a broader spectrum of information management and technology services to the health sector than was provided by SHIN as a stand-alone Corporation. Services delivered will cross the continuum of care, from the development of business requirements to the delivery of information to regional health providers and decision-makers.

As a result of the integration of SHIN into Saskatchewan Health, the SHIN Board and management structure have been modified. I want to thank all of my former colleagues on the SHIN Board for their hard work and dedication to both the Corporation and the province's health sector. It is their work that has resulted in the progress made in this area over the last seven years.

Lawrence Krahn
Board Chair - SHIN

# Letter from the CEO

The 2003/2004 year established important groundwork for enabling the future delivery of information technology services across our health sector. Significant progress was made with our health regions in implementing an integrated set of clinical information systems to enhance the delivery of health services. These systems are being delivered using the network, Data Centre and technology infrastructure that we developed in recent years to meet the health system's needs.

During the year, a new home care information system, first implemented in five regions in 2002/2003, was extended to the Sun Country and Heartland health regions. Implementation was also initiated with the Kelsey Trail, Mamawetan Churchill River and Keewatin Yatthé regions. The system is being used by health providers to schedule and track the services they provide to home care clients.

New hospital pharmacy and lab systems were also implemented in the five regional hospitals, and these systems can now be extended to community hospitals in the future using SHIN's technology. Similarly, a central patient index (CPI) registration system was implemented in the Cypress, Sunrise and Five Hills health regions.

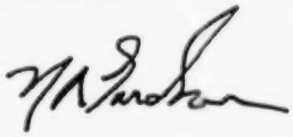
These new computer systems were selected in close collaboration with staff from the regions to ensure they will enable continuing improvements in the quality, effectiveness and efficiency of health care services into the future. Each of these systems uses our Data Centre, reducing the cost of delivering technology solutions and making the best use of our technology and human resources.

The number of health care providers using our network and technology services also continued to grow with support being provided to new delivery sites for telehealth and hemodialysis services in rural Saskatchewan.

The integration of SHIN with the new Health Information Solutions Centre (HISC) strengthens our information technology team. An integral component of HISC, SHIN plays an important role in supporting improvements in health care delivery across the province, including new initiatives under the *Action Plan for Saskatchewan Health Care.*

Over the next year, we will see continued progress in the implementation of new regionally based and integrated clinical systems, which will enable health providers to quickly and easily access information that is critical in treating their patients.

I am looking forward to again working with our health sector partners in continuing to introduce innovative information technology solutions to support health care delivery improvements in 2004/2005.



Neil Gardner
Chief Executive Officer - SHIN

# Vision, Mission and Values

## Vision

Improving the health of residents of Saskatchewan through health information technology leadership.

## Mission

Linking information electronically for better decisions.

## Values

The Health Information Solutions Centre (HISC), which includes SHIN, believes in:

- Excellence through innovation, creativity, continuous learning and recognition of achievements;
- Collaboration and team work;
- Accountability for all;
- Honesty, openness and respect for all of our relationships;
- Actions which are client-centred and results-oriented;
- The security of information and the privacy of individuals;
- Providing equitable access to information for its customers;
- Focusing on a phased or evolutionary process; and
- Fostering development of information technology in the Saskatchewan health-care sector.

# Health Information Network Development

The origins of the provincial health information network emerged with changes in the delivery of health services over the past decade. Connecting health care providers across the province has become increasingly important in supporting ongoing improvements in the delivery of health services, ensuring health professionals have access to timely information in caring for their patients.

SHIN was created as a Treasury Board Crown Corporation in 1997 to begin the development of the network infrastructure, and to assist health regions in implementing electronic clinical systems. In August of 2003, the reporting structure of SHIN was modified by integrating the staff and management functions into the new Health Information Solutions Centre (HISC) at Saskatchewan Health. This was an evolutionary step, bringing together the skilled health information technology professionals needed to address the growing information technology needs of the province's health sector.

The health information network is being developed in collaboration with the health regions and health professionals across the province. This approach ensures that technology investments in the health sector are coordinated with the regions to determine the best way to deploy emerging information technologies for the benefit of the citizens of the province.

As part of this process, staff have also worked with other provincial partners on the development of a high-speed, province-wide telecommunications network (CommunityNet) connecting schools, regional colleges, health facilities, public libraries and government offices. A key focus of the work was on developing the security infrastructure for the health portion of the network.

Currently, all regions and more than 590 health service locations are connected to the health information network through CommunityNet connections and other secure telecommunication technologies.

The network provides e-mail infrastructure to all health regions and retail pharmacies across the province, enabling health sector staff to communicate electronically. It also provides health care professionals with access to clinical information systems and supports the telehealth network, which enables health providers to consult and treat patients remotely.

# Technology Support Services

## Help Desk

Currently, more than 8,200 health care staff across the provincial health sector have access to the network.

To facilitate and support health care staff in making effective use of the provincial health information network and its supporting technologies, services and systems, HISC provides Help Desk services to the health sector. To date, all health regions, as well as the College of Physicians and Surgeons of Saskatchewan, the Saskatchewan Cancer Agency, the Department of Family Medicine at the College of Medicine, and the Saskatchewan Registered Nurses' Association are using this service.

In 2003/2004 the annual survey of system users on Help Desk services found that 92.4% of respondents were generally satisfied with the service provided by the Help Desk, with almost 50% indicating they had received exceptional service.

The Help Desk provides tier one or basic Help Desk support to users on all office automation systems. In addition, it provides support for all systems hosted in the HISC Data Centre.

The Help Desk operates between 7:00 a.m. and 9:00 p.m. on weekdays. In addition, on-call support for clinical systems hosted in the HISC Data Centre, is available 24 hours a day, 7 days a week.

In 2003/2004, the Help Desk began supporting the new centrally hosted lab, pharmacy, and Central Patient Index (CPI) registration systems, as well as the Provider Registry and the Saskatchewan Surgical Care Network.

In addition, Help Desk staff began supporting the work of employees in five regional hospital pharmacy departments and four laboratories, as well as the admitting staff in three regions – all as a result of the new centrally hosted lab, pharmacy and CPI registration systems.

In total, during the year 2003/2004, the Help Desk handled over 37,000 calls.

## Data Centre Hosting Environment

Through SHIN, the Health Information Solutions Centre provides a secure hosting environment to support the work of its health sector partners. The central hosting environment reduces IT equipment and system specific resource demands on regions.

It also enables regions to share systems, as each system is hosted centrally in the Data Centre and accessed by regions over the health information network. This again reduces costs to the health sector.

Twenty systems are being centrally hosted for regions or agencies, including a long-term care assessment system accessed by more than 1,640 users in 124 long-term care facilities. The Data Centre also hosts a Renal Data Management system accessed by 339 health care staff, and a long-term care electronic patient record used by 366 long-term care providers.

The Data Centre provides website services for health regions and is currently hosting seven different sites.

In 2003/2004, the Data Centre began hosting new lab, pharmacy and CPI registration systems, as well as new systems for provincial initiatives such as the Saskatchewan Surgical Care Network.

At the end of 2003/2004:

- the home care administration system was being used by 320 staff in 7 health regions to better schedule and manage the care of 8,137 clients, recording information on nearly 500,000 home visits.
- the registration system was assisting 359 staff in the admitting departments of 4 health regions to streamline admitting processes. As interfaces to other systems in the regions are developed in the future, this will significantly reduce the number of times that staff need to capture this same information again when clients are being registered for other health services in the region.

- the laboratory information system captures lab test results directly from automated testing equipment and was used by 171 staff in 5 regions to more efficiently and quickly process over 250,000 lab specimens.
- the pharmacy system was used by 72 staff to fill nearly 350,000 prescriptions in 5 health regions by year-end.

Services of the Data Centre will continue to expand in 2004/2005 as the currently hosted systems are extended to more regions within the province, and as new clinical systems are implemented and integrated with these first regional systems.

## Network Security

The security of health information remains a key focus. A number of resources and technologies are employed to maintain the security of patient information such as firewalls, intrusion-detection software, virus-detection measures, and encryption. These materials and procedures are vital in maintaining the security of information on the network and in the Data Centre.

In addition, with all new developments, work is done to develop policies and practices that increase the level of security around patient records and personal information, beyond what has existed with paper-based files. For example, strong authentication procedures ensure only authorized personnel have access to specific information. As well, audit trails provide the ability to determine when and who has accessed data.

An independent privacy assessment conducted for the SHIN Corporation in 2002/2003 found that the security controls on personal health information were extensive. The report made no recommendations for change or expansion to those controls.

However, because security is critical in the ongoing operation of the Health Information network and Data Centre, it will remain a key focus of ongoing development and enhancement.

# The National Context

Significant developments have occurred in Canada over the past few years in identifying the need for electronic health record systems. Both the Romanow and Kirby Commissions identified the need for investments in information technology to improve access, effectiveness and quality of health care.

Saskatchewan has been an active member of the Western Health Information Collaborative (WHIC) since 1999/2000. Other WHIC members include Alberta, British Columbia, Manitoba, the Northwest Territories, Nunavut and the Yukon.

WHIC has been working together on common health information initiatives, and sharing lessons learned from experience with implementing different facets of the technologies ultimately required to support a fully integrated health system. As a result, the WHIC partners are able to learn from each other and move more quickly and efficiently to solutions.

Increasing collaboration on electronic health record developments has also been taking place across Canada with Canada Health Infoway (Infoway). Infoway is an independent agency, which has received funding from the federal government to accelerate the adoption of electronic health record solutions in Canada.

In Saskatchewan, Infoway has provided funding for the expansion and implementation of a Provider Registry originally developed by WHIC in British Columbia. The Provider Registry has attracted national attention – both Health Canada and Infoway have provided funding for its development. Saskatchewan has been leading one of the Provider Registry projects on behalf of the western provinces, which is receiving this funding.

The Provider Registry will mean facilities will no longer need to keep numerous paper lists of health care provider information, and will reduce the onerous task of updating these lists.

In 2003/2004, Saskatchewan began work expanding the information in the Provider Registry from professional information on physicians only to now include nurses, pharmacists and dentists. Saskatchewan also worked with health regions to establish how the new registry can best be integrated with other existing regional systems.

Saskatchewan will continue to play an important role in national health information technology initiatives as these developments will enhance our ability to take advantage of emerging new technologies in improving the health of our population.

# Projects

Through a series of projects each year, new systems and technologies are deployed on the network to support health care improvements across the province. Two major information technology projects were noteworthy in the 2003/2004 year, in addition to a series of other projects supporting *Action Plan* initiatives. These projects enable access by health care providers to information that is critical in delivering improved care to their patients and are important building blocks for future electronic health record system developments.

## Integrated Clinical Systems (ICS)

HISC continued to work with health regions on the Integrated Clinical Systems project. This project involves the implementation of home care, lab, pharmacy and Central Patient Index (CPI) registration systems – 17 implementations of ICS systems modules were completed in 2003/04.

These new systems are being hosted in the Data Centre and accessed by regional staff over the health information network.

The new systems mean that health providers in the regions now have better access to information required in treating their patients.

In the longer term, these four systems will be integrated with a 'common view' system, which will enable health providers to view all of a patient's information from the four systems through a single system.

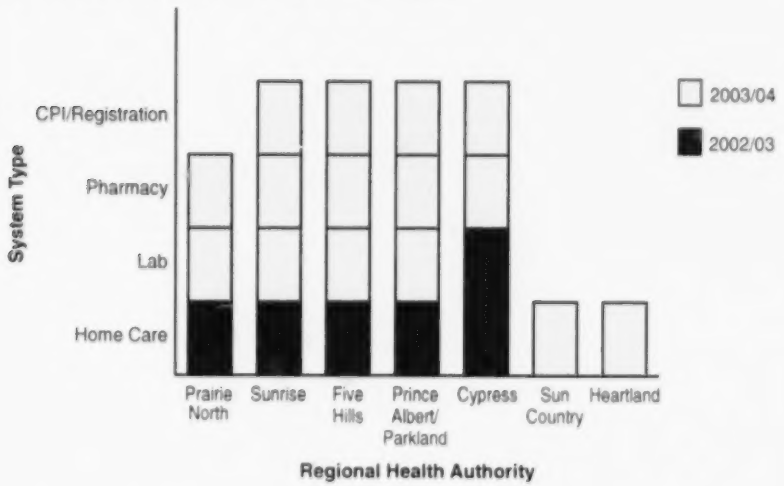
This will assist health care providers in delivering better care to their patients by having access to a broad spectrum of their patients' health information and overall health status in a secure and timely manner.

The five regions involved in the ICS project are the Sunrise, Cypress, Prince Albert Parkland, Five Hills and Prairie North health regions.

In 2003/2004, pharmacy systems were implemented in at least one facility in each of the five regions, the home care system was implemented in two regions, the lab system was implemented in four regions, and the CPI registration system implemented in four of the five regions (see Figure 1).

In addition, during 2003/2004 the lab and CPI registration systems were electronically linked in the Sunrise and Five Hills Regional Health Authorities, enabling registration information to flow automatically from the CPI registration system into

**Figure 1 – ICS System Implementation**



the lab system. This reduces the need for patients to give their contact information more than once and streamlines the process of registering people for health services.

These systems will be implemented in additional regions and health service locations in the future. The modular design of the solution will also enable the addition of other clinical systems components as they are required.

## Provider Registry

Saskatchewan has worked closely with its other provincial counterparts in the Western Health Information Collaborative (WHIC) on the development of a Provider Registry.

The Registry lists health providers who operate in the province along with their practicing status, qualifications, education, and contact information.

The first phase of the Registry was originally developed in British Columbia under the leadership of WHIC. It contained professional information on physicians, pharmacists and dentists.

In 2003/2004, Saskatchewan implemented the Provider Registry, expanded it to include information on practising nurses, and worked with regions in the province on integrating the Registry into their computer systems.

In addition, Infoway also funded Saskatchewan to develop a "reusable toolkit" containing processes, documentation, and resources that would provide other jurisdictions with a head-start when implementing the Provider Registry solution.

The Provider Registry will mean facilities will no longer need to keep numerous paper lists of health care providers, and will reduce the onerous task of updating these lists.

Information in the Provider Registry will be supplied by the professional licensing bodies and will be updated on a daily basis.

The Provider Registry will assist health providers in communicating with each other by acting as a type of electronic "yellow pages," making it easier for them to coordinate care for patients.

The Provider Registry will play an important role in enabling authorized health providers to access their patients' health records, in that it will support the authentication of health care providers and ensure that the individual accessing a file is truly the provider authorized to access it.

Partners in the project include Saskatchewan Health, SHIN, the Regina Qu'Appelle and Saskatoon Health regions, and health care provider licensing bodies in the province.

# Other Projects

## Telehealth

During the year, the existing telehealth sites were connected to the Health Information network to modernize the underlying technology and reduce telecommunications costs incurred in providing this service in rural Saskatchewan. To support this new telehealth technology environment, a scheduling system was implemented. As the number of sites and opportunities for utilizing telehealth and video conferencing technologies increases (for tele-consultations, professional education and meetings), a system was needed to assist with the scheduling of telehealth sessions and ensure we can make the best use of telehealth in supporting the delivery of health services in remote communities.

## Saskatchewan Surgical Care Network

The Health Information Solutions Centre provides technology services to the new Saskatchewan Surgical Care Network (SSCN). A major component of the SSCN is the Surgical Patient Registry which tracks patients needing surgery in the province. This registry will generate current, accurate information that will better inform the decisions of physicians, regional health authorities and Saskatchewan Health as they work together to meet the needs of surgical patients in the province.

HISC is providing the information technology systems, infrastructure and support services necessary for the operation of the Surgical Patient Registry. In 2003/04, the development and implementation of the technologies for the Surgical Patient Registry was an important initiative.

## Provincial Renal Data Management

The Renal Data Management System enables physicians in Regina and Saskatoon to remotely monitor the progress of their patients. This reduces the amount of travel necessary for patients living in the Yorkton, Tisdale, Prince Albert and Swift Current areas, who receive dialysis services at their local regional hospital. During the year, HISC provided the technical support necessary for the renal data management system, including the technology services to support the addition by the provincial Renal program of North Battleford as a new satellite site.

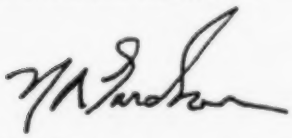
## Management's Responsibilities

The accompanying financial statements included in the Annual Report for the year ended March 31, 2004, are the responsibility of management. Management has prepared these financial statements in accordance with Generally Accepted Accounting Principles in Canada, consistently applied using management's best estimates and judgments where appropriate.

The Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving financial statements. The Board fulfills these responsibilities by reviewing financial information prepared by management and discussing the relevant matters with management and external auditors.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transcriptions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded and that reliable records are maintained.

The Provincial Auditor of Saskatchewan has audited the financial statements. His report to the members of the Legislative Assembly precedes the financial statements.



Neil Gardner
Chief Executive Officer - SHIN
June 1, 2004

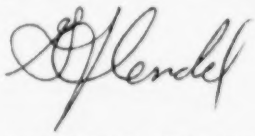
## Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Health Information Network as at March 31, 2004 and the statements of operations and accumulated surplus, cash flows and tangible capital assets for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 1, 2004

# 2003-2004 Financial Statements

# Statement 1

## Statement of Financial Position
## As of March 31, 2004

(thousands of dollars)

| | March 31, 2004 | March 31, 2003 |
|---|---|---|
| **Financial Assets** | | |
| Due From General Revenue Fund (Note 3) | $ 2,576 | $ 3,473 |
| Accounts Receivable | | |
| Saskatchewan Health | 1,716 | 604 |
| Other | 1,059 | 225 |
| Note Receivable - SaskTel (Note 5) | 27 | 27 |
| Prepaid Expenses | 385 | 82 |
| Long Term Note Receivable - SaskTel (Note 5) | 9 | 35 |
| Total Financial Assets | 5,772 | 4,446 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities | 2,654 | 1,460 |
| Obligation To Saskatchewan Opportunities Corporation | 83 | 125 |
| Deferred Revenue (Note 10) | 1,194 | 629 |
| Current Portion of Obligations Under Capital Leases (Note 8) | 171 | 315 |
| Current Portion of Obligations Under Capital Leases With SaskTel (Notes 5 and 6) | 240 | 220 |
| Obligations Under Capital Leases (Note 8) | 4 | 175 |
| Obligations Under Capital Leases With SaskTel (Notes 5 and 6) | 93 | 333 |
| Total Liabilities | 4,439 | 3,257 |
| **Accumulated Surplus (Statement 2)** | $ 1,333 | $ 1,189 |
| Accumulated Surplus Represented By: | | |
| Accumulated Operating Results | 16,022 | 15,915 |
| Less Tangible Capital Assets (Statement 4) | (14,689) | (14,726) |
| | $ 1,333 | $ 1,189 |

(See accompanying notes to financial statements)

# Statement 2

## Statement of Operations and Accumulated Surplus For the year ended March 31, 2004

(thousands of dollars)

| | March 31, 2004 Budget | March 31, 2004 Actual | March 31, 2003 Actual |
|---|---|---|---|
| **Revenue** | | | |
| Grants from Saskatchewan Health | $ 12,100 | $ 12,100 | $ 11,100 |
| Canada Health Infoway Funding | 6,060 | 1,596 | 174 |
| Operating Room Scheduling Funding | 481 | - | - |
| Interest and Other Revenue | 1,124 | 2,015 | 1,254 |
| Total Revenues | 19,765 | 15,711 | 12,528 |
| **Expenses** | | | |
| Salaries and Benefits | 815 | 788 | 701 |
| Board Expenses | 57 | 9 | 32 |
| Purchased Services | 532 | 754 | 418 |
| Ongoing Operations | 5,906 | 5,147 | 4,224 |
| Amortization | - | 6,150 | 6,305 |
| Accommodation Expense | 400 | 356 | 345 |
| Miscellaneous Expense | 251 | 207 | 202 |
| CommunityNet | 2,235 | 2,193 | 1,756 |
| Physician's Network | - | - | 6 |
| Total Expenses | 10,196 | 15,604 | 13,989 |
| Operating Results | $ 9,569 | $ 107 | $ (1,461) |
| Net Decrease In Tangible Capital Assets (Statement 4) | | 37 | 1,395 |
| **INCOME (DEFICIT) FOR THE PERIOD** | | 144 | (66) |
| **ACCUMULATED SURPLUS, BEGINNING OF PERIOD** | | 1,189 | 1,255 |
| **ACCUMULATED SURPLUS, END OF PERIOD (Statement 1)** | | $ 1,333 | $ 1,189 |

(See accompanying notes to financial statements)

# Statement 3

## Statement of Cash Flows
## For the year ended March 31, 2004

(thousands of dollars)

| | March 31, 2004 | March 31, 2003 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Cash Receipts From Customers | $ 13,795 | $ 12,255 |
| Cash Paid To Suppliers | (7,767) | (7,702) |
| Cash Paid To Employees and Board Members | (797) | (733) |
| **Increase In Operating Activities For The Year** | 5,231 | 3,820 |
| **Cash Flows From Investing Activities** | | |
| Purchase Of Tangible Capital Assets | (6,116) | (4,910) |
| **Decrease In Investing Activities For The Year** | (6,116) | (4,910) |
| **Cash Flows From Financing Activities** | | |
| Decrease In Obligation To Saskatchewan Opportunities Corporation | (42) | (37) |
| Net Change In Deferred Revenue | 565 | 179 |
| Net Change In Obligations Under Capital Leases | (315) | 150 |
| Net Change In Obligations Under Capital Leases Under SaskTel | (220) | (151) |
| **(Decrease) Increase In Financing Activities For The Year** | (12) | 141 |
| **Net Decrease In Due From General Revenue Fund** | (897) | (949) |
| **Due From General Revenue Fund, Beginning Of The Year** | 3,473 | 4,422 |
| **Due from General Revenue Fund, End Of The Year** | $ 2,576 | $ 3,473 |

(See accompanying notes to financial statements)

# Statement 4

## Statement of Tangible Capital Assets
## As of March 31, 2004

(thousands of dollars)

| | March 31, 2004 | | | | | | March 31, 2003 |
|---|---|---|---|---|---|---|---|
| | Desktop Computer Hardware & Software | Computer Network Hardware | Licensed or Multiple Application Software | Office Furniture & Equipment | System Development Costs | Total | Total |
| Opening Cost | $ 1,031 | $ 3,430 | $ 6,898 | $ 77 | $ 17,564 | $ 29,000 | $ 24,383 |
| Additions During The Year | 0 | 0 | 0 | 0 | 6,116 | 6,116 | 4,617 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Cost | 1,031 | 3,430 | 6,898 | 77 | 23,680 | 35,116 | 29,000 |
| Opening Accumulated Amortization | 1,014 | 2,969 | 3,519 | 13 | 7,929 | 15,444 | 9,715 |
| Annual Amortization | 7 | 386 | 1,380 | 15 | 3,677 | 5,465 | 5,729 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Accumulated Amortization | 1,021 | 3,355 | 4,899 | 28 | 11,606 | 20,909 | 15,444 |
| Subtotal | 10 | 75 | 1,999 | 49 | 12,074 | 14,207 | 13,556 |
| Leased Capital Assets | | | | | | | |
| Opening Cost | 43 | 1,741 | 0 | 449 | 0 | 2,233 | 1,943 |
| Additions During The Year | 0 | 0 | 0 | 0 | 0 | 0 | 290 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Cost | 43 | 1,741 | 0 | 449 | 0 | 2,233 | 2,233 |
| Opening Accumulated Amortization | 27 | 776 | 0 | 260 | 0 | 1,063 | 489 |
| Annual Amortization | 15 | 582 | 0 | 91 | 0 | 688 | 574 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Accumulated Amortization | 42 | 1,358 | 0 | 351 | 0 | 1,751 | 1,063 |
| Subtotal of Leased Capital Assets | 1 | 383 | 0 | 98 | 0 | 482 | 1,170 |
| Net Book Value of Tangible Capital Assets | $ 11 | $ 458 | $ 1,999 | $ 147 | $ 12,074 | $ 14,689 | $ 14,726 |
| Net Decrease In Tangible Capital Assets (Statement 2) | | | | | | | 37 |

(See accompanying notes to financial statements)

# Notes to the Financial Statements For the year ended March 31, 2004

## 1. Description of Business

The Saskatchewan Health Information Network (SHIN) was established as a Treasury Board Crown Corporation by Order in Council 581/1997 under the provisions of The Crown Corporations Act, 1993 (Act) effective August 19, 1997.

SHIN was created to design, implement, own, operate, and manage a Saskatchewan Health Information Network. SHIN's purpose is to foster the development of the health information technology sector, to foster re-engineering of health delivery processes and to protect health information as a strategic resource.

## 2. Significant Accounting Policies

These financial statements are prepared using Canadian generally accepted accounting principles appropriate for the public sector and reflect the following significant accounting principles.

a) The Basis of Accounting

The financial statements are prepared on the expense basis of accounting.

b) Revenue

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

c) Expenses

Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life. Amortization is recorded, commencing with the quarter after the assets are placed into service, on a straight-line basis at the following annual rates:

| | |
|---|---|
| Desktop Computer Hardware | 33% |
| Computer Software | 33% |
| Network Hardware, Software & System Development Costs | 20% |
| Office Equipment | 20% |
| Office Furniture | 10% |

e) Net Decrease In Tangible Capital Assets

The net decrease in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

f) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

## 3. Due from the General Revenue Fund

SHIN's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty-day borrowing rate and SHIN's average daily account balance.

## 4. Maintenance Agreements for Software

SHIN has several agreements with software vendors to provide maintenance for software that has been purchased by SHIN. $1,401,658 is committed (or paid) for the following year and will likely continue into the future.

## 5. Agreement with SaskTel

On July 31, 2000, SHIN entered into a five year Master Service Agreement (MSA) with SaskTel to provide Data Centre Services. Under this agreement SaskTel houses and operates SHIN's Data Centre equipment and provides related Data Centre Services. The committed costs for those services are $39,940 per month.

The equipment in the Data Centre is purchased by SaskTel and leased to SHIN. SHIN has recorded these as capital leases in its financial statements.

Upon inception of the lease, SaskTel purchased existing Data Centre equipment from SHIN and entered into a sales-lease-back arrangement. The net book value of the equipment transferred was $133,000. SaskTel is reducing the amount of SHIN's lease by $2,212 over 60 months to reflect the purchase of this equipment from SHIN. This reduction in lease payments is included in the financial statements as a receivable from SaskTel.

In addition several leases for computer equipment are in effect, which expire concurrent with the MSA on July 31, 2005.

The minimum annual payments under these leases are:

| | |
|---|---|
| 2005 | $ 259,952 |
| 2006 | $ 94,028 |
| Total Minimum Lease payments: | $ 353,980 |
| Less Amount Representing Interest: (rates vary between 9.5% and 10%) | $ 21,465 |
| Balance of Obligation | $ 332,515 |

## 6. Related Parties

These financial statements include routine transactions with related parties. SHIN is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Related party transactions to March 31, 2004, include the following:

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, SHIN pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases.

| | 2004 | 2003 |
|---|---|---|
| **Revenue** | | |
| Saskatchewan Health | $ 1,364,148 | $ 948,970 |
| Saskatoon Health Region (Telehealth Saskatchewan) | $ 335,799 | $ 40,059 |
| Regina Qu'Appelle Health Region | $ 16,776 | - |
| Saskatchewan Medical Association | - | $ 114,238 |
| Saskatchewan Opportunities Corporation | - | $ 31,831 |
| SaskTel | - | $ 1,800 |
| **Accounts Receivable** | | |
| Saskatoon Health Region (Telehealth Saskatchewan) | $ 78,772 | $ 18,490 |
| **Expenditures** | | |
| SaskTel | $ 2,127,870 | $ 1,523,077 |
| Saskatchewan Property Management | $ 1,905,867 | $ 1,669,984 |
| Saskatchewan Opportunities Corporation | $ 411,650 | $ 413,737 |
| Saskatoon Health Region | $ 291,246 | $ 2,121 |
| Regina Qu'Appelle Health Region | $ 149,511 | - |
| Saskatchewan Association of Health Organizations | $ 23,714 | $ 1,130 |
| **Accounts Payable** | | |
| SaskTel | $ 122,364 | $ 37,662 |
| Saskatchewan Property Management | $ 161,416 | $ 157,560 |
| Saskatchewan Opportunities Corporation | $ 1,931 | $ 683 |
| Saskatoon Health Region | $ 288,666 | $ 2,121 |
| Regina Qu'Appelle Health Region | $ 49,398 | - |

## 7. Financial Instruments

SHIN's financial instruments include due from the General Revenue Fund, accounts receivable, long-term note receivable and accounts payable. The carrying amount of these instruments approximates fair value due. These instruments have no interest or credit risk.

## 8. Capital Leases

SHIN has several leases on property and equipment. The minimum annual lease payments for capital leases over the next three years are as follows:

Capital Leases:

| | |
|---|---|
| 2005 | $ 34,187 |
| 2006 | $ 2,036 |
| 2007 | $ 0 |
| Total Minimum Lease Payments | $ 36,223 |
| Less Amount Representing Interest: (rates vary between 7.8% and 11%) | $ 1,579 |
| Balance of the Obligation | $ 34,644 |

SHIN has entered into several lease agreements for network equipment for the CommunityNet initiative. The minimum annual lease payments for these capital leases are as follows:

Capital Leases:

| | |
|---|---|
| 2005 | $ 140,535 |
| 2006 | $ 2,627 |
| 2007 | $ 0 |
| Total Minimum Lease Payments | $ 143,162 |
| Less Amount Representing Interest: (rates vary between 7.8% and 11%) | $ 2,884 |
| Balance of the Obligation | $ 140,278 |

## 9. Operating Leases

SHIN has entered into a lease agreement with Saskatchewan Opportunities Corporation, a related party, for office space. The operating lease payments for the following year are as follows:

| | |
|---|---|
| 2005 | $ 151,188 |
| Total Lease Payments | $ 151,188 |

SHIN also has an obligation to Saskatchewan Opportunities Corporation totaling $124,800 for leasehold improvements. Payments of $41,600 to be paid on April 1st annually.

SHIN has entered into a lease agreement with GE VFS Canada Limited Partnership, for equipment. The operating lease payments over the next three years are as follows:

| | |
|---|---|
| 2005 | $ 80,100 |
| 2006 | $ 80,100 |
| 2007 | $ 46,057 |
| Total Lease Payments | $ 206,257 |

## 10. Deferred Revenue

In the 2002 fiscal year, SHIN received $450,000 from Saskatchewan Health to work on an early childhood development project. In 2004, $322,611 (2003 - $7,640) was spent on the project. The balance, $119,749, is to be spent in 2005 when the project is expected to be completed.

In the 2003 fiscal year, SHIN received $248,800 from Saskatchewan Health to purchase software. In the current year $70,705 (2003-$62,531) was used. The balance, $115,564 is expected to be used in 2005.

In the 2004 fiscal year, SHIN received $304,000 from Saskatchewan Health to assist in the assessment and selection of a system to improve the coordination of EMS dispatch among the existing wide area dispatch centers.

In the 2004 fiscal year, SHIN received $45,000 from Saskatchewan Health to assist in the purchase and implementation of a West Nile Virus surveillance system dedicated to compiling and tracking data in response to the outbreak of this emerging infectious disease. The funds are expected to be used in 2005.

In the 2004 fiscal year, SHIN received $250,000 from Saskatchewan Health to assist in the development of a strategy and plan for the implementation of a Client Registry. The funds are expected to be used in 2005.

In the 2004 fiscal year, SHIN received $250,000 from Saskatchewan Health to assist in the development of a strategy and plan for the implementation of the Pharmacy Information Program. The funds are expected to be used in 2005.

In the 2003 fiscal year, SHIN received $126,579 from the Regina Qu'Appelle Health Region, who were administering on behalf of Saskatchewan Health, the implementation of Provincial Renal Data System ADT and Lab Interface Project. In 2004, $16,717 was spent on the project, the balance, $109,862, is to be spent in 2005 when the project is expected to be completed.